

AMENDED IN SENATE JUNE 16, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 468

Introduced by Assembly Member Hayashi

February 24, 2009

An act to add Section 22898 to the Government Code, relating to the Public Employees' Medical and Hospital Care Act.

LEGISLATIVE COUNSEL'S DIGEST

AB 468, as amended, Hayashi. Public Employees' Medical and Hospital Care Act: employer contributions.

Existing law requires the Board of Administration of the Public Employees' Retirement System to administer the Public Employees' Medical and Hospital Care Act. Existing law permits a contracting agency to elect to be subject to the act for its employees and annuitants, provided that the contracting agency and each employee or annuitant contribute a portion of the cost of providing the benefit coverage afforded under the health benefit plan approved or maintained by the board in which the employee or annuitant may be enrolled. Existing law specifies that the employer contribution of a contracting agency begins on the effective date of enrollment and is the amount fixed from time to time by resolution of the governing body of the agency. The resolution is required to be filed with the board and the contribution amount shall be effective on the first day of the second month following the month in which the resolution is received by the system. *Existing law provides an optional vesting schedule, for contracting agencies, that links the employer contribution, as specified, to percentages associated with an employee's credited years of service. Under this formulation, the employer contribution for the contracting agency*

reaches 100% of a specified amount when the employee attains 20 years of credited service, with certain exceptions.

This bill would require the employer contribution for postretirement health benefit coverage for an annuitant of a specified contracting agency to be based on the annuitant's completed years of service credited with the contracting agency at retirement. This bill would prohibit the contracting agency from paying any employer contribution for the first 5 years of the credited service, as defined. The bill would require the contracting agency to pay an employer contribution of 50% after the employee had 5 years of service with the contracting agency and that amount would be increased by 5% per year thereafter, with 100% of the portion of the cost being paid for by the contracting agency when the annuitant is credited service of 15 years or more. The bill would require that the employer contribution with respect to each annuitant be adjusted by the employer each year, but would prohibit the contribution from exceeding 100% of the weighted average of the health benefits plan premiums for employees or annuitants enrolled for self alone the Alameda County Transportation Improvement Authority who is first hired on or after November 1, 2004, to be based on percentages associated with the annuitant's credited years of service. Under this formulation, the employer contribution for the contracting agency would reach 100% of a specified amount if the annuitant attained 15 years of credited service, with certain exceptions. The bill would define credited service and would require that at least 5 years of credited service to have been performed with the Alameda County Transportation Improvement Authority. The bill would require that employer to provide any information requested by the board that the board deems necessary to implement the section. The bill would except from the formulation described above annuitants who have retired for disability. The bill would also except annuitants who have 15 or more years of service entirely with the authority and would require the board to establish application procedures and eligibility criteria to implement this provision.

The bill would provide that those provisions would only apply to employees of the Alameda County Transportation Improvement Authority who are first hired on or after November 1, 2004.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 22898 is added to the Government Code, to read:

22898. (a) Notwithstanding any other provision of this part, the percentage of employer contribution payable for postretirement health benefits for an employee of the Alameda County Transportation Improvement Authority shall, except as provided in subdivision (b), be based on the employee's completed years of credited service, provided that the Alameda County Transportation Improvement Authority shall not pay an employer contribution for the first five years of that credited service, and shall pay thereafter as shown in the following table:

<i>Credited Years of Service</i>	<i>Percentage of Employer Contribution</i>
<i>5.....</i>	<i>50</i>
<i>6.....</i>	<i>55</i>
<i>7.....</i>	<i>60</i>
<i>8.....</i>	<i>65</i>
<i>9.....</i>	<i>70</i>
<i>10.....</i>	<i>75</i>
<i>11.....</i>	<i>80</i>
<i>12.....</i>	<i>85</i>
<i>13.....</i>	<i>90</i>
<i>14.....</i>	<i>95</i>
<i>15.....</i>	<i>100</i>

The application of this subdivision shall be subject to the following:

(1) The employer contribution with respect to each annuitant shall be adjusted by the employer each year. Those adjustments shall be based upon the principle that the employer contribution for each annuitant may not be less than the amount equal to 100 percent of the weighted average of the health benefits plan premiums for an employee or annuitant enrolled for self-alone, during the benefit year to which the formula is applied, for the four health benefit plans that had the largest agency enrollment, excluding family members, during the previous benefit year. For each annuitant with enrolled family members, the employer shall not pay an additional contribution.

1 (2) *The employer shall certify to the board, in the case of*
2 *employees not represented by a bargaining unit, that there is not*
3 *an applicable memorandum of understanding.*

4 (3) *The credited service of an annuitant for the purpose of*
5 *determining the percentage of employer contributions applicable*
6 *under this section shall mean state service as defined in Section*
7 *20069, except that at least five years of credited service shall have*
8 *been performed with the Alameda County Transportation*
9 *Improvement Authority.*

10 (4) *The employer shall provide the board any information*
11 *requested that the board determines is necessary to implement this*
12 *section.*

13 (b) *Notwithstanding subdivision (a), the contribution payable*
14 *by the employer subject to this section shall be equal to 100 percent*
15 *of the amount established pursuant to paragraph (1) of subdivision*
16 *(a) on behalf of any annuitant who either:*

17 (1) *Retired for disability.*

18 (2) *Retired for service with 15 or more years of service credit*
19 *entirely with that employer, regardless of the number of days after*
20 *separation from employment. The contribution payable by the*
21 *employer under this paragraph shall be paid only if it is greater*
22 *than, and made in lieu of, a contribution payable to the annuitant*
23 *by another employer under this part. The board shall establish*
24 *application procedures and eligibility criteria to implement this*
25 *paragraph.*

26 (c) *This section applies only to the Alameda County*
27 *Transportation Improvement Authority, or its successor, and only*
28 *with regard to the employees of the agency who are first hired on*
29 *or after October 1, 2004.*

30 **SECTION 1.** ~~Section 22898 is added to the Government Code,~~
31 ~~to read:~~

32 ~~22898. (a) Notwithstanding any other provision of this part,~~
33 ~~the employer contribution for postretirement health benefit~~
34 ~~coverage for an annuitant of the contracting agency subject to this~~
35 ~~section shall be based on the annuitant's completed years of service~~
36 ~~credited with the contracting agency at retirement.~~

37 ~~(b) The contracting agency shall pay no employer contribution~~
38 ~~for the first five years of that credited service. The contracting~~
39 ~~agency shall pay 50 percent after five years with the contracting~~
40 ~~agency and the amount shall be increased by 5 percent per year~~

1 thereafter, with 100 percent of the portion of the cost being paid
2 for by the contracting agency when the annuitant is credited service
3 of 15 years or more. The employer contribution with respect to
4 each annuitant shall be adjusted by the employer each year, but in
5 no event shall exceed 100 percent of the weighted average of the
6 health benefits plan premiums for employees or annuitants enrolled
7 for self alone.

8 (e) For purposes of this section, "credited service" means service
9 as defined in Section 20069, except that not less than five years
10 of that service shall be performed entirely with the Alameda County
11 Transportation Improvement Authority.

12 (d) This section shall only apply to employees of the Alameda
13 County Transportation Improvement Authority who are first hired
14 on or after November 1, 2004.